



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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Dear \_\_\_\_\_ :

Thank you for your letter dated March 13, 2019. You asked that we extend eligibility under Revenue Procedure 2018-09 to taxpayers affected by Hurricane Michael, or issue a new rule specifying that the affected taxpayers can use the Cost Indexes Safe Harbor Method.

We know that taxpayers often have difficulty determining the amount of their casualty losses under the methods provided in Section 1.165-7(a)(2) of the Income Tax Regulations. To assist taxpayers we issued Revenue Procedure 2018-08 and Revenue Procedure 2018-09 in December 2017. These revenue procedures provide safe harbor methods that individuals may use to determine the amount of their casualty losses.

Unlike Revenue Procedure 2018-09, which provides the Cost Indexes Safe Harbor Method that is specific to taxpayers in the particular geographic regions affected by Hurricanes Harvey, Irma, and Maria, Revenue Procedure 2018-08 provides certain safe harbor methods that are available to any taxpayer.

Taxpayers affected by Hurricane Michael are eligible to use the Estimated Repair Cost Safe Harbor Method, the De Minimis Safe Harbor Method, the Insurance Safe Harbor Method, the Contractor Safe Harbor Method, and the Disaster Loan Appraisal Safe Harbor Method to determine the amount of their casualty losses for personal-use residential real property. Similarly, taxpayers affected by Hurricane Michael are eligible to use the De Minimis Safe Harbor Method and the Replacement Cost Safe Harbor Method to determine the amount of their casualty losses for personal belongings. Again, Revenue Procedure 2018-08 was intended to assist all taxpayers who suffer losses resulting from any type of casualty.

I hope this information is helpful. If you have any questions, please feel free to contact me, or a member of your staff may contact \_\_\_\_\_ at \_\_\_\_\_ .

Sincerely,

Norma C. Rotunno  
Branch Chief, Branch 1  
Office of Associate Chief Counsel  
(Income Tax & Accounting)